



Testimony of Eric W. Gjede
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
Hartford, CT
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Testifying in opposition to HB 6932 An Act Concerning Paid Family Medical Leave

Good afternoon Senator Gomes, Representative Tercyak, Senator Hwang, Representative Rutigliano and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA), which represents more than 10,000 large and small companies throughout the state of Connecticut.

CBIA opposes HB 6932.

CBIA is not opposed to employer designed paid family and medical leave programs provided that they are affordable and work for both the employer and employees. We are, however, opposed to the type of one-size-fits all state mandate proposed in HB 6932.

As many state rankings have shown, operating a business in Connecticut is often more costly than running the same business in other states. With each additional workplace mandate we adopt, the cost separation between Connecticut and other states increases. This tilts the playing field against Connecticut businesses.

The one-size-fits-all mandate found in HB 6932 is not practical in the modern workplace. Fewer and fewer employees work traditional workweeks. Many businesses are already offering flexible work hours or options like telecommuting. These developments, which are growing popular with employers and employees alike, are happening organically - not by government fiat. One-size-fits-all proposals rarely, if ever, achieve their intended goal because what works for the manufacturer in town does not work for the daycare down the street.

CBIA is also opposed to this bill because of the massive cost to everyone involved - particularly Connecticut's smallest businesses.

HB 6932 is costly for any employee that opts into the program because it is funded by paycheck deduction.

Despite claims to the contrary, HB 6932 is costly for employers. By requiring an employer maintain a job for an employee that is absent up to 12 weeks each year, you are by default also requiring the employer to maintain that absent employee's non-wage benefits. Under FMLA regulations, failing to continue to provide healthcare benefits, vacation, and other non-wage benefits would be deemed discriminatory behavior. For most small businesses, it is financially impossible to do what this bill asks of them.

What's more, if the state of Washington is any guide, it would be costly for state taxpayers.

A less expansive program in Washington carried a price tag of \$1.2 billion per biennium to pay for all the personnel and infrastructure needed to administer the proposed law. Our labor department correctly notes that due to federal law, the current staff at the labor department cannot administer this program. This bill requires the department to make determinations about employee eligibility for the program, review documents relating to eligibility, develop and implement a public education campaign, hold hearings on complaints by those participating in the program, and investigate fraudulent activities by participants. Employees are going to need to be hired to perform these tasks - a lot of them. These are the exact same responsibilities required to run the unemployment compensation trust fund - which requires hundreds of state employees. It is unclear if any existing state building can accommodate this many new state employees.

Further, the department of labor fully admits they do not have the IT infrastructure to run this program.

I've attached a comparison chart (see page 3) between the proposed Connecticut program and the Washington state program. I've also cited to the fiscal note on the Washington proposal in order to provide the committee with a better understanding of the true cost of this massive new government program.

Instead of another expensive, one-size-fits-all mandate on employers, why not pursue policies that will help attract businesses to Connecticut? Rather than taking the same old approach, what if we provided a tax incentive for businesses to develop their own innovative paid family leave policies? If they did it on their own, it wouldn't cost state taxpayers a dime. The businesses that couldn't afford to impose a policy, even with a tax credit, wouldn't have to. However, those that could would have one more incentive to attract top talent.

We urge you to reject the mandate found in HB 6932, and to pursue policies that will incentivize businesses to adopt their own innovative paid leave programs.

PROGRAM ASPECTS	WASHINGTON LAW	CONNECTICUT'S HB 6932	NOTES
Reasons for paid leave	1. Pregnancy or the birth or adoption of a child <i>Failed 2013 legislation would have added:</i> 2. A non-work related illness or injury 3. The need to care for a family member with a serious health condition	1. Pregnancy or the birth or adoption of a child 2. A non-work related illness or injury 3. The need to care for a family member with a serious health condition	Connecticut's proposal is more expansive
Definition of family member	Does not apply to 2007 law (<i>Failed 2013 legislation would have included spouses, domestic partners, and parents.</i>)	Includes spouses, parents (defined as biological, foster, adoptive, step parent, anyone who served in loco parentis, and parent in laws), siblings, grandparents, grandchildren, and next of kin	Connecticut's proposal is more expansive
Maximum length of paid leave	Five weeks (<i>Failed 2013 legislation would have increased this to 12 weeks.</i>)	Twelve weeks per calendar year	Connecticut's proposal is more expansive
Minimum amount of paid leave time	Eight hours	Eight hours over the course of a week	Connecticut's proposal more difficult for employer to administer
Employee eligibility requirements	1. Must establish a qualifying year (have worked 4 out of 5 quarters prior to leave application) 2. Must have been employed at least 680 hours in the qualifying year	Employee must have earned at least \$9,300 in a 12-month base period with one or more employers	Connecticut's proposal is more expansive, potentially allowing employees to use leave without working a single hour with a new employer
Size of employer covered	All employers; self-employed can opt in	Employers with two or more employees; self-employed can opt in	
Benefit amount	\$250/week for individuals working 35+ hours a week, pro-rated for part-time workers (<i>Failed 2013 legislation would have increased this to a maximum of \$1,000 per week.</i>)	100% of an employee's average weekly earnings, up to a maximum of \$1,000 per week	
Department administering program	Employment Security Department (administers the state's UI program)	Labor Department (administers the state's UI program)	
Approximate # of employees in state	3,273,300 (July 2014)	1,749,300 (July 2014)	
Estimated cost to implement	Increases contained in failed 2013 legislation would have cost \$1.2 billion¹ per biennium	Undetermined	

¹ Fiscal note to Washington bill 1457 S HB: Family & Medical Leave Insurance (2013)